

Message Text

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64

ORIGIN AID-25

INFO OCT-01 AF-10 ISO-00 EB-11 IGA-02 IO-14 L-03 RSC-01

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2T ACTION AFR INFO PPC CHRON 2 25P

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R 162329Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA

AMEMBASSY NAIROBI

UNCLAS STATE 077472

E.O. 11652:N/A

TAGS:

SUBJECT: ASL IV

NAIROBI FOR REDSO

REF: A. ADDIS 4101 B. STATE 47735

1. IEG PERFORMANCE ON OVERALL BUDGET AND REVENUE MATTERS IS MAJOR FACTOR IN DECISION PROCEED WITH FURTHER SECTOR LENDING WHICH IS, IN ETHIOPIA CASE, A FORM OF PROGRAM ASSISTANCE. THUS CAP MUST ADDRESS THESE ISSUES AND ESTABLISH STRONG CASE THAT FUTURE LEVEL AND SCOPE IEG SELF-FINANCED DEVELOPMENT EXPENDITURES ADEQUATE FOR DEVELOPMENT TARGETS.

2. AID/W PREPARED ACCEPT MISSION PROPOSAL THAT SEPARATE
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CAPITAL BUDGET QUANTITATIVE UNDERTAKING NOT BE REQUIRED IN

LOAN AGREEMENT. HOWEVER, BELIEVE REF A OPTION 4D RE REVENUE GENERATION MAY SERVE MEET CURRENT AID/W CONCERNS OVER FUTURE IEG MACRO-ECONOMIC PERFORMANCE AND PROVIDE WORKABLE OPTION FOR IEG/MISSION AGREEMENT ON SPECIFIC MACRO ECONOMIC UNDERTAKING TO BE INCLUDED LOAN AGREEMENT. IF USAID AGREEABLE, PROPOSE YOU WORK OUT SPECIFIC WORDING OF REVENUE GENERATION UNDERTAKING WITH MINFINANCE AND INCLUDE IN CAP WHICH WE HOPE CAN BE HANDCARRIED WASHINGTON BY WITHERS.

3. TO EXPEDITE CAP CONSIDERATION, WOULD APPRECIATE CABLE

SUMMARY ASAP OF SPECIFIC QUALITATIVE REPEAT QUALITATIVE UNDERTAKINGS PROPOSED FOR LOAN PER REF B.

4. FYI SUGGESTION PARA 5 REF A REGARDING QUOTE MORATORIUM UNQUOTE NOT FEASIBLE BECAUSE (A) WOULD CALL INTO QUESTION VALIDITY LOAN AUTHORIZATION AND (B) RESTORE TRANCHING DEVICE REQUIRING SECOND ROUND NEGOTIATIONS AND APPROVALS BEFORE LOAN COULD BE FULLY DRAWN. KISSINGER

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Message Attributes

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Disposition Event:
Disposition History: n/a
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Handling Restrictions: n/a
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